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OUR TRADE IN THE GREAT WAR*

By MARK JEFFERSON

The war has brought a great expansion of foreign trade to the United States, the total for the year 1916 being nearly double the average amount for the years 1911 to 1914. In millions of dollars, the amounts were as follows:

	1911	1912	1913	1914	1915	1916
	3624	4217	4277	3903	5334 (5067)	7873 (5668)

The greater part of the increase of the last two years has been in exports:

Exports	2092	2399	2484	2114	3555 (3377)	5481 (3946)
Imports	1532	1818	1793	1789	1779 (1690)	2392 (1722)

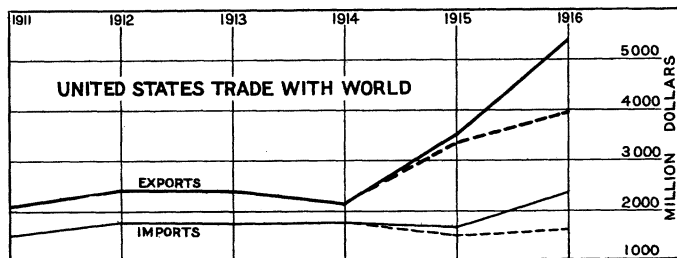


FIG. 1—Diagram showing the effect of the war on United States foreign trade. (The dotted parts of the curves in Figs. 1 and 2 indicate the values as corrected to eliminate the war inflation of prices; see the text.)

And of the exports those to Europe have been most augmented:

Exports to Europe....	1293	1467	1500	1339	2573 (2444)	3814 (2746)
Other	799	932	984	775	982 (933)	1667 (1200)

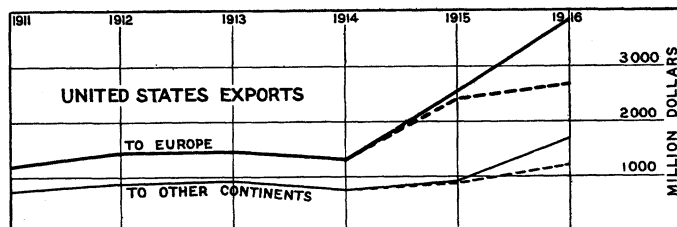


FIG. 2—Diagram showing the effect of the war on United States exports to Europe as compared with exports to other parts of the world.

But the prices of the years 1915 and 1916 have been unprecedentedly high. A part of the increase of business is therefore fictitious, being not an increase of goods but of money collected for them. From an examination

* The statements and terminology of this article apply to conditions prior to the entry of the United States into the war.—EDIT. NOTE.

of the exports to Europe, it appears that about one-half of the total for 1916 is made up of cotton, gunpowder, mineral oils, flour, brass bars and plates, horses, wheat, oats, corn, lard, hams and shoulders, bacon, and mules. These amounted to 1,773 million dollars of the total export to Europe of 3,814. Had they been reckoned at 1914 prices they would have been worth but 1,282 million dollars, or 72 per cent as much. Similarly the total exports to Europe in 1915 would have been worth 95 per cent as much at 1914 prices as at the prices actually charged. As a rough corrective to the effect of inflated prices in 1915 all figures for 1915 have been multiplied by 95 per cent and all those for 1916 by 72 per cent, with the result:

	1915	1916
Total foreign commerce of the United States.....	5067	5668

These and the other corrected values are indicated in parentheses in the tables above and as dotted lines in the diagrams. These new values and curves show that the inflation of prices contributed a good deal to the recent increase of trade, but it still remains true that there has been an unprecedented increase in our commerce, especially in our exports to Europe.

Of course it is obvious that this ought to be the case, for the great war is the only possible cause. It is striking that all the values fell sharply in 1914 and all the exports rose still more sharply in 1915 and again, but less strongly, in 1916. The retirement of German carriers from the oceans probably suffices quite of itself to explain the checked commerce in 1914. The decrease doubtless belongs to the last five months alone, but the financial disturbance at the outbreak of the war and doubts about payments and credits on shipments must also have had their influence.

It is of interest to examine our exports, both to Europe and to other continents. In the first place, without examining destination of goods it is significant that explosives and chemicals increased enormously, as the following (uncorrected) values show:

	1911	1912	1913	1914	1915	1916	
	14	14	15	22	245	844	million dollars
Metals, machines, and automobiles also—							
	371	454	481	367	715	1594	“ “
Foods again were immediately called for:							
			193	192	422	510	“ “
There was immense increase in horses and mules:							
			5	9	119	91	“ “
and also in rubber—							
	13	14	14	12	24	34	“ “

Plainly, our increased business was the exportation of war supplies to Europe. Note that explosives and horses and mules did not fall off in 1914, as did other materials, but contented themselves with very moderate increases. The urgency of the occasion diverted tonnage to these imme-

diate needs at once. Of course the supplies in most immediate demand went up strongly in price. Gunpowder was 33 cents a pound in 1914 and 83 cents in 1916. Much more powder must have been used in Europe these three years than in all the rest of the world. This consideration of the relation of the European demand to the world-demand must enter into the rise of prices, for they are affected very differently. Thus of oats were supplied 19 million dollars' worth in 1914, 59 million in 1915, and 53 million in 1916, at 54 cents, 56 cents, and 52 cents a bushel, oats being thus actually 4 per cent cheaper in 1916 than two years before!

The main items included above as "food" are corn, oatmeal, oats, rice, meats and dairy products, sugar, and potatoes. They are the food substances that have been exported in greatly increased quantities: corn and oats, amounting together to 28, 31, 97, and 100 million dollars in 1913, 1914, 1915, 1916; meats, amounting to 157, 137, 259, and 279 millions; butter and cheese, to 1.2, 1.5, 14, and 18 millions; condensed milk, to 1.4, 2, 6, and 18 millions; refined sugar, to 1.9, 18, 43, and 91. The sugar went presumably to England, which was taking 55 million dollars' worth of German sugar as far back as 1913 and must now look elsewhere. The prices assigned this sugar are of interest:

1911	1912	1913	1914	1915	1916	
1.4	3.6	1.9	18	43	91	million dollars
32	79	52	390	963	1577	million pounds
4.4	4.5	3.6	4.6	4.5	5.7	cents per pound

From this the American housewife may learn that our refiners have had refined sugar to sell abroad in huge quantities at a uniform price from 1911 through 1915, except for a cheapening of a third (33 per cent) in 1913, and that there has been but one increase, that of 27 per cent in 1916. Potatoes were exported at 90, 88, 76, 82, 67, and 122 cents per bushel; butter at 22, 26, 26, 24, 26, and 31 cents per pound. Some very important foodstuffs that were exported in greatly increased quantities did not rise very much in price. For instance, fresh beef was exported at the following prices in cents per pound: 10.7, 11.1, 11.8, 12.4, 12.8, and 12.2; bacon at 12.2, 12.2, 13.1, 13.9, 13.3, 14.7. But lard shows a greater rise: 9.9, 10.5, 11.3, 11.1, 10.7, 13.1. Wheat should have been included among the food substances exported in greatly increased amount, the millions of dollars' worth being 30, 60, 95, 187, 283, and 227, and the prices 110, 97, 95, 107, and 137, and 147 cents per bushel.

Cotton was as always a most important export, falling off greatly in the first two years of the war, but in 1916 coming up nearly to the earlier totals. The values and prices were:

1911	1912	1913	1914	1915	1916	
517	623	575	344	417	544	million dollars
60	58	67	55	50	78	dollars a bale

Doubtless the decrease in the amount exported in 1914 was caused by the cutting off of the markets of eastern and central Europe. Probably the

Allies used enough in making explosives to make up nearly the whole loss. But why should the price go up in 1916? Pig iron increased in quantity from less than two million dollars' worth in 1911 to nearly 16 million dollars' worth in 1916, and the price from \$15.70 to \$25.52. With these prices it is worth while to compare the importations of gold:

57 66.5 64 57 452 686 million dollars

To whom have these large exportations of goods from the United States gone? The better to answer this question let us classify the world into Allies, Central Powers, Near Neutrals, and Far Neutrals ("near" and "far" relating to distance from Germany). In detail the Allies are Canada, the United Kingdom, France, Portugal, Italy, Russia, and Japan. The Central Powers for commercial purposes are Germany, Austria-Hungary, and Turkey; the Near Neutrals, Netherlands, Denmark, Norway, Sweden, and Switzerland; and the Far Neutrals, Spain, Cuba, Argentina, and Brazil. The countries omitted are those that have very little commerce. A table is given later with all details, but here the totals (in millions of dollars) may be studied:

		1908	1909	1910	1911	1912	1913	1914	1915	1916
Central Powers	U. S. Exports to.....	275	266	276	320	357	377	174	12.2	2.2
	U. S. Imports from.....	152	193	200	202	224	225	183	55	6.6
Allies.....	U. S. Exports to.....	933	934	1010	1098	1299	1320	1254	2539	4251
	U. S. Imports from.....	452	606	640	615	742	737	736	681	908
Near Neutrals.	U. S. Exports to.....	132	118	112	139	145	165	195	354	298
	U. S. Imports from.....	50	70	74	77	81	84	86	69	94
Far Neutrals...	U. S. Exports to.....	114	121	149	165	188	199	146	229	353
	U. S. Imports from.....	185	267	284	258	327	276	320	432	526

These figures show that:

(1) Exports to the Central Powers were less than half their usual amount in 1914 and almost nothing in 1915 and 1916. We should expect the 1914 figures to show rather more than half a year's business; as the war did not break out till the beginning of the eighth month of the year. The practical disappearance of exports to the Central Powers resulted of course from the immediate disappearance of the German (and the Austrian) merchant fleet from the seas.

(2) About the same thing happened to the imports to the United States from the Central Powers. But it should be noted that the imports from these countries to us between 1908 and 1913 amounted to about two-thirds of our exports to them. It is usual for all European countries except Russia and Rumania to import considerably more value of goods than they export, as the rest of the world owes them interest on investments, freights, remittances of their emigrants, and payment of tourist expenses, all of which enter into the excess of goods sent to Europe from the ends of the earth. Now in 1914 the importations to the United States from the Central Powers were rather more than half the usual amount, and in 1915 and 1916, although enormously diminished, the amounts were three or four

times greater than the amounts received from us, the usual relation being thus reversed. The British blockade appears to have been more effective in keeping our goods from reaching Germany than in keeping theirs from reaching us; and very likely the principal effort of Great Britain was exerted in that direction.

(3) American exports to the Allied Powers increased strongly from 1909 to 1913. In 1914 they fell below the figures for 1912 and 1913, but were much greater than in earlier years. In 1915 the amount doubled and went a long way toward doubling again in 1916. Thus was the call of the Allies for help met by the United States. If we had figures for Argentina at hand they would probably show something of the same sort, as far as her resources go.

(4) Our imports from the Allies are usually rather more than half the exportations, and increasing. In 1914 they showed a slight diminution and a greater one in 1915, and, though they increased strongly in 1916, they were not a fourth as great as the exportations and were only larger because of the inflation of prices, as has been shown. We sent the Allies great increases of goods in 1915 and 1916 but did not receive more than usual from them. They paid us with gold and returned American securities.

(5) To both Allies and Central Powers we sent less in 1914 than in 1913. To the ring of Near Neutrals, however, that surround Germany and Austria, our exports were a fifth greater in 1914 than in 1913, almost double as much in 1915 as in 1914, and again largely increased in 1916; enough to show that despite the higher prices there was an actual increase of goods sent to these countries. It was these facts that satisfied the Allies that American goods were reaching the Central Powers by way of the Near Neutrals. The failure to drop in 1914 was the most suspicious feature of these sums, seen also in the detail for Denmark, Norway, and Sweden. The following curves of exports bring out the difference:

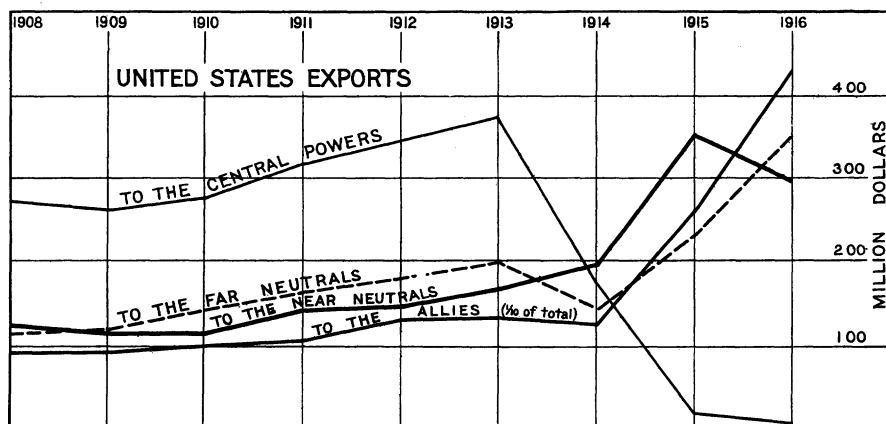


FIG. 3—Diagram showing the effect of the war on United States trade with the various groups of belligerents and neutrals. (To bring the curve within the range of comparison the exports to the Allies have been divided by 10.)

TRADE OF THE UNITED STATES WITH THE VARIOUS GROUPS OF BELLIGERENTS
AND NEUTRALS AS AFFECTED BY THE WAR

(Figures denote millions of dollars)

With the Central Powers

	1908	1909	1910	1911	1912	1913	1914	1915	1916
U. S. Exports to									
Austria-Hungary	15	16	16	21	24	22	13	0.1	0.06
Germany.....	258	247	258	295	330	352	158	12.0	2.0
Turkey.....	2	3	2	4	3	3	3	0.1	0.1
	275	266	276	320	357	377	174	12.2	2.16
U. S. Imports from									
Austria-Hungary	14	17	18	16	18	19	16	5	0.3
Germany.....	128	162	167	166	186	184	149	45	6.0
Turkey.....	10	14	15	20	20	22	18	5	0.3
	152	193	200	202	224	225	183	55	6.6

With the Allies

U. S. Exports to									
France.....	117	126	115	128	155	153	171	501	861
Italy.....	61	57	53	61	74	79	98	270	303
Portugal.....	4	3	3	3	3	5	4	9	16
Russia.....	20	16	19	25	27	27	28	170	468
United Kingdom.....	554	521	551	539	607	591	600	1198	1888
Canada.....	153	188	242	299	375	403	311	345	606
Japan.....	24	23	27	43	58	62	42	46	109
	933	934	1010	1098	1299	1320	1254	2539	4251
U. S. Imports from									
France.....	89	132	122	122	134	139	104	78	109
Italy.....	43	50	49	46	52	55	55	51	60
Portugal.....	5	6	7	6	7	6	6	5	7
Russia.....	8	16	14	19	28	24	14	3	8
United Kingdom.....	172	247	271	250	313	272	287	258	305
Canada.....	71	87	103	94	121	142	164	178	237
Japan.....	64	68	74	78	87	99	106	108	182
	452	606	640	615	742	737	736	681	908

With the Neutrals Near Germany

U. S. Exports to									
Denmark.....	19	15	13	15	16	19	42	74	56
Netherlands.....	98	89	85	106	110	122	101	143	114
Norway.....	6	6	6	8	8	9	20	46	66
Sweden.....	8	7	7	9	10	14	31	85	48
Switzerland.....	.7	.8	.8	.7	.8	.8	.8	6	14
	132	118	112	139	145	165	195	354	298
U. S. Imports from									
Denmark.....	1	2	2	2	3	2	4	3	3
Netherlands.....	20	31	31	34	37	38	37	28	44
Norway.....	4	6	7	8	8	8	12	7	6
Sweden.....	4	5	8	8	10	12	12	11	19
Switzerland.....	21	26	26	25	23	24	21	20	22
	50	70	74	77	81	84	86	69	94

With the Neutrals Far from Germany

U. S. Exports to									
Spain.....	21	17	23	24	32	31	28	46	63
Cuba.....	42	48	58	62	65	73	68	96	165
Argentina.....	34	36	43	50	51	55	27	53	77
Brazil.....	17	20	25	29	40	40	23	34	48
	114	121	149	165	188	199	146	229	353
U. S. Imports from									
Spain.....	12	16	20	21	22	24	22	19	33
Cuba.....	79	107	128	106	138	125	147	198	244
Argentina.....	13	27	32	28	34	26	56	95	116
Brazil.....	81	117	104	103	133	101	95	120	133
	185	267	284	258	327	276	320	432	526
U. S. Trade with									
Near Neutrals.....	182	188	186	216	226	249	281	423	392
Far Neutrals.....	299	388	433	423	515	475	466	661	879

The values exported to the Allies are so large that it has been necessary to divide them all by ten to represent them on the same diagram with the other three groups. The Near Neutrals received a considerable increase of goods in the very first year of the war, in spite of the diminution of shipping. This the heavy line shows. Yet the Allies, with complete control of the seas, had their receipts diminished by a fourth. The same heavy line makes it clear that the receipts of Germany through these neutrals have since been much lessened.

(6) Imports of the United States from the Near Neutrals were in the neighborhood of a tenth as large as those of the Allies. Considering the inflated prices of 1915 and 1916, they imply that fewer goods were sent to the United States during the war than formerly. Undoubtedly the Near Neutrals found in Germany a better market for much of their merchandise.

(7) The Far Neutrals are peculiar in their commercial relations with the United States in that our imports from them are greater than our exports to them. This is not true, as the detailed table shows, of Argentina or Spain. To these two countries, as to most countries in Europe, our exports are greater than our imports. But business with Cuba and Brazil is large enough to offset the effect of this. Our exports to the Far Neutrals increased steadily till 1914, when they fell off strongly; but they picked up again with unusual vigor in 1915 and 1916. Considerably more goods were sent to them than before the war.

(8) But the striking thing with these countries is the much greater increase of the imports to the United States from them. Of Spain alone this is not true. Our business with Spain is of moderate amount and grows very slowly and does not appear to be influenced so much by the war as by prices.

In general, American business away from the seat of war is doing very well. We have a hugely increased export business with the Allies, though our business with the Central Powers is almost extinct.

Still, moderate amounts of our goods reach the Central Powers through their neighbors. We have lost some 350 million dollars' worth of direct exports to them against a gain through their neighbors of about 100 millions. As for the Central Powers, they are deprived of much-needed supplies in addition to the loss of markets for what stocks of manufactures they may have in hand that they cannot use. When the war closes Germany will want large shipments of American goods and will wish to send us German goods to pay for them.